FOREIGN AGRICULTURE

Cotton in Nigeria.

Soviet Grain Storage and Handling

Food and Population

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In this issue:

2 Big Soviet Grain Crops Strain Storage Handling Facilities By Robert J. Svec

5 Nigeria Liberalizes Imports and Plans Agricultural Expansion By Lyle E. Moe

6 World Weather
EC Enacts Common Policy for Soybeans

7 U.S. Farm Export Outlook Dims

8 French Dairy Output and Exports Up By Laurent Hedde

9 Food and Population: Balance Is Vital to Survival

13 Crops and Markets

This week's cover:

Nigerian family picking cotton and bagging for transport to market. For details on Nigeria's new agricultural policies, see article on page 5.

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Big Soviet Grain Crops Strain Storage and Handling Facilities

By ROBERT J. SVEC
Foreign Commodity Analysis, Grain and Feed
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FACED WITH THE prospects of its second largest grain crop in history—a possible 215 million metric tons in 1974—the Soviet Union will continue to feel severe strains on its already overloaded grain drying, handling, storing, and processing facilities, according to a U.S. wheat team that recently returned from the USSR.

Pressures on Soviet grain storage and drying facilities became particularly acute following last year's alltime record grain crop, much of which was harvested under wet conditions. As a result, large quantities of grains were stored on the ground, causing serious losses and quality deterioration.

Even in poor years, such as 1972, the quantity of grain imports needed to meet Soviet needs probably swells domestic supplies to congest the inadequate storage, distribution, and processing systems.

To help alleviate these problems, and consistent with other programs to expand food and feed availability, the USSR has undertaken a massive construction program that includes grain storage — particularly elevators — new flour mills, and mixed feed plants.

As of January 1, 1974, the Soviet Ministry of Procurement, which is responsible for buying, storing, and distributing farm commodities, had storage capacity for only 126 million tons of grains and oilseeds, of which 28 million tons of capacity was in grain elevators. States and collective farms reportedly had just over 100 million tons of storage capacity. Thus, in a year like 1973, when gross grain production was 222.5 million tons and oilseed output more than 8 million tons, storage facilities obviously fell woefully short of requirements.

Existing storage facilities must also be used to store carryover stocks and seed supplies. Further, Soviet storage facilities probably operate below capacity, since some may be closed for repairs.

In recognition of these problems, the current Soviet 5-Year Plan, 1971-75, calls for the construction of 30 million tons of additional storage capacity. During the 1971-73 period, however, new storage capacity that was actually commissioned into operation was somewhat below the level planned. Longer range plans call for building 140 million tons of new capacity by 1990.

The Ministry of Procurement has a very ambitious 4-year program for constructing grain elevators. Under this programs in 1974, the Ministry should complete construction of elevators with a capacity of 4 million tons. Five million tons of new storage capacity is planned for 1975, 5.7 million for 1976, and 6.3 million for 1977 for a total of 21 million tons.

Grain harvested in the Soviet Union usually has an appreciably higher moisture content than grain crops in the United States, so that sufficient drying facilities are essential. In spring grain areas of the east, for example, grain at harvest is said to be dry enough for storing—about 14 percent moisture content—in only 3 out of every 100 years. Moreover, this region is among those lacking fully adequate drying and storage facilities.

Strains on grain drying facilities were particularly acute last year. Soviet officials stated that grains were harvested under extremely unfavorable weather conditions almost everywhere. Some areas harvested wheat with moisture levels of 25 to 30 percent.

Since so much of the grain received by the State requires drying, particularly in the spring grain areas, the new elevators are being equipped with large gas-recycling driers. The capacity of these

Team members included Joseph Halow, Leader, and Herman A. Schmitz, Great Plains Wheat, Inc.; Arlee Phillips, Nebraska Wheat Commission; Dr. John Shellenberger, Kansas State University; and the author.

driers is 50 tons per hour and they will reduce moisture content from 20 to 14 percent.

At present, grain elevators are often located so far away from the producing areas that collective farms must transport their grain 100 miles or more to deliver it to storage facilities maintained by the Ministry of Procurement.

Consequently, drying and storage are delayed, affecting the quality of the grain and greatly increasing the likelihood of mold and mite infestation. This was a particularly serious problem during the very wet 1973 harvest season. New storage facilities are to be built in close proximity to Soviet grain-producing areas.

The Soviets have also found it very expensive to move wheat across the huge expanses of their country—particularly to the far east where supplies of milling wheat are inadequate. For many years, they have found it more economical to import Canadian wheat into this region. In recent years, some U.S. wheat has also moved to the area.

When grain is purchased from farms by the Ministry of Procurement, prices are determined by variations from a standard moisture content, which differs from region to region. In the south it is 14 percent, in the central areas 15 percent, and northern and eastern regions 17 percent. Still, tremendous variations exist, and moisture levels of from 20 to 25 percent are said to be normal for Kazakhstan and Siberia, while in the North Caucasus and southern Ukraine, grain is often purchased at about 12 percent moisture.

GRAIN PURCHASES by the Ministry from the bumper 1973 crop amounted to 90 million tons, adjusted for moisture content and foreign matter —both though to be higher than usual. The Soviets indicated that there had been some increase in stocks in 1973-74.

Weather difficulties in 1973 also reduced the availability of Durum wheat, so that the Ministry of Procurement has been forced to substitute hard wheat for Durum in manufacturing noodles and other pasta products.

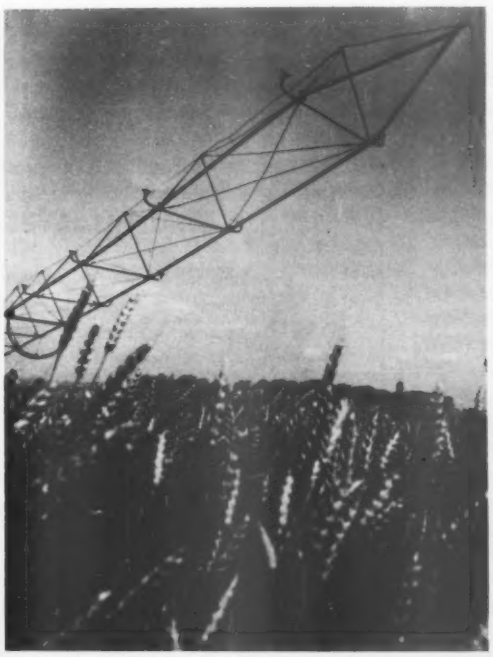
Although drying and storing the huge Soviet crops present enormous difficulties, the USSR faces equally difficult problems in processing grains for both food and feed. About 37 percent of flour mills were built prior to 1917.

A few years ago, consumers in the Soviet Union were willing to eat coarse, dark bread. Today, demand is rising for high-quality white bread, rolls, and specialty baked goods. Over 200 types of bread are currently produced. Because of demand for better quality breads, lower flour extraction rates are required —technology that is not always available in some of the older mills.

To satisfy these demands, the next Soviet 5-Year Plan, 1976-80, calls for a reduction in the flour extraction rate —now 75-78 percent—to 72 percent. If effected, this reduction could increase the amount of wheat used for food by 2 to 5 million tons, provided that bread consumption remains at present levels.

The Soviet officials indicated that they have a huge program for building flour mills. In spite of a decline in per capita bread consumption, total Soviet flour consumption has increased slowly.

Continued on page 4



Harvested grain, left, at the Gazyrski State Farm in the USSR's Krasnodar Territory is lifted onto a truck for transport to storage facility. Above, irrigator poised over Soviet wheat field. Feed mixing complex, right, constructed largely with U.S. materials, is rising near a new Soviet feedlot on Bratskiy State Farm near Rostov. Grains and other feed ingredients are stored in the silos for use in the adjacent mixed feed plant.

The new mills will take the strain off some of the mills that are now forced to operate 24 hours a day to meet the needs of the people.

Wheat is still the main cereal grown in the Soviet Union, comprising about one-half of total grain production. Much of the wheat grown, however, is of such low quality that it is unsuitable for milling and can only be used for animal feed. This is especially true of wheats produced in the central and northern parts of the Soviet Union, where the growing season is either too short or weather conditions are unsuitable for production of good milling wheat.

"... to expand food and feed availability, the USSR has undertaken a massive construction program that includes grain storage—particularly elevators—new flour mills, and mixed feed plants."

In addition, some of the wheat good enough for milling apparently is not dried or stored properly and must be used for feed. Consequently, wheat is the second most important grain fed in the USSR, exceeded only by barley.

In 1973 the USSR's Ministry of Procurement produced about 32 million tons of mixed feed—a small part of the feed requirements of collective and State farms. Thus, many farmers apparently feed unprocessed grain to livestock. Because of unbalanced rations, the conversion of feed into livestock products is very low.

To help to meet the country's ambitious livestock production goals, the Ministry of Procurement has a program to increase mixed feed output to 100 million tons per year by 1990. New mixed feed plants are to be located near the feeding operations and whenever possible near flour mills to utilize mill feeds. While some mills now in operation have a capacity of 1,000 tons of mixed feed per day, most of the new plants will produce 500-600 tons daily.

In spite of high Soviet wheat production, wheat import needs should continue to be between 1 million and 3 million tons annually. However, considering the USSR's grain exports to its traditional markets in Eastern Europe, such as East Germany, Czechoslovakia, and Poland, and barring poor weather conditions, the Soviet Union will probably remain a net exporter of wheat.

The quantity of wheat imported will hinge largely on three factors:

- Year-to-year fluctuations in weather will of course be important in determining both the size and quality of the Soviet wheat crop. In years when the quality of the grain crop is below normal, larger quantities of wheat are fed, and the demand for imported wheat increases. There would be a corresponding decrease in demand for feedgrains.
- Although the Ministry of Procurement has an ambitious program for expanding mixed feed production, the demand for mixed feed by collective and State farms is not currently being met. These enterprises are forced to use huge quantities of unprocessed grain from their farms to fulfill livestock production plans. In some instances, farms are probably feeding milling-quality wheat to livestock rather than selling it to the State.

As the mixed feed industry is developed and farms are assured of adequate supplies of mixed feeds, the State may be able to procure larger quantities of milling wheat, thereby reducing the demand for imported wheat.

- The wheat-corn price ratio also will help determine the size of Soviet wheat imports. If the price of wheat is low relative to that of corn, the Soviet Union may purchase high-quality wheat from Canada or the United States and use some of the marginal quality domestic wheat for feed.

There is little doubt that the Soviet Union will continue to face serious problems in the handling, storing, and processing of the huge quantities of domestic and imported grains needed to meet Russian needs. For this reason, Soviet Government officials suggested that an exchange of information and technology in these areas could be mutually beneficial—particularly concerning the handling of wheat imported from the United States.

Because much of the Soviet wheat crop has a high moisture content, difficulties were encountered in blending U.S. and Soviet wheats a year ago. A Soviet team that visited U.S. mills and consulted with U.S. experts reportedly was able to resolve this problem. An ongoing exchange of information and cooperation could be helpful, however, in solving other problems such as correlating grain standards and grading practices between the two countries.

SOVIET GRAIN HARVESTING GAINS MOMENTUM

In spite of a slow start, the Soviet Union's harvest of spring-planted grains has picked up in tempo in recent weeks. As of August 12, a total of 118 million acres of grain, excluding corn, had been cut—39 percent of the total area on collective and State farms. Some 92.2 million acres or 78 percent of the cut area had been picked up from windrows and threshed.

The rate of cutting the grain during the week of August 6-12 this year was 10 percent higher than the average for that week in 1970-73, while the rate of picking up from windrows and threshing was 15 percent higher.

Nevertheless, as of this August 12, only about 90 percent as large an area had been cut, and only about three-fourths as much grain had been picked up and threshed, as the average for the same date in 1970-73.

The gap between the cutting of the grain and its being picked up and threshed this year has been larger than normal. As of August 12, a total of 25.9 million acres of grain were in windrows waiting to be picked up and threshed, almost double the average of 13.6 million acres as of August 12, 1970-73.

The area of grain in windrows, however, decreased by 2.5 million acres between August 5 and August 12 this year. Also, the area of grain in windrows has been about equal to the weekly rate of cutting—suggesting that problems of increased harvesting losses and lower quality of grain at least to date have not reached serious proportions.

—By FLETCHER POPE, JR., ERS

Nigeria Liberalizes Imports And Plans Agricultural Expansion

By LYLE E. MOE
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As Nigeria's national coffers swell with oil revenues and its population zooms upward, its agricultural policies are becoming more expansive. The country's 1974-75 budget provides for liberalization of import restrictions and substantial promotion of agricultural development. With this population/income combination, Nigeria is emerging as one of the most attractive markets in Africa.

Preliminary 1973 census data indicate that Nigeria has a population of 78.6 million, making it the eighth largest populated country in the world. If the tentative census figure is not significantly modified, Nigeria's population growth rate from 1963 to 1973 will have averaged 3.6 percent annually. As a result, Nigeria must now plan for feeding and providing for more people than previously anticipated.

Fortunately, Nigeria is earning substantial revenues from petroleum to assist in securing its people's needs. Petroleum revenues, which are estimated to have approached $2 billion in 1973, are forecast at $7.5 billion in 1974. And, as Nigeria's oil fields have not yet been fully developed, the country's long-run economic future appears quite favorable, which bodes well for possible expansion of U.S. exports to Nigeria.

In fiscal 1973, U.S. agricultural exports to Nigeria amounted to $28.7 million and are estimated to exceed $55 million in fiscal 1974, mainly wheat, sorghum, and tallow.

The Nigerian annual budget statement, presented in April, provides for the liberalization of a variety of imports, including meat, grains, and fruit.

Fresh and frozen meat and meat products have been removed from the banned import list. Likewise, live animals, except poultry (excluding day-old chicks), now can be imported. Thus, Nigeria has become a new market for a spectrum of livestock products. Frozen chickens, although they carry a 50 percent import duty, are now being imported in substantial quantities. Market prospects also appear good for variety meats and chicken parts—new products on the Nigerian market.

Another possibility for exporters is chicken necks and backs for use in Nigerian soup and stew dishes. Wheat, corn, and rice no longer require import licenses. Also, the import duties on corn and rice, formerly 40 and 66⅔ percent ad valorem, respectively, have been reduced to 20 percent each. Wheat has long entered duty free and demand for this commodity is steadily growing.

LONG-GRAIN parboiled rice is a favorite food among urban Nigerians and imports by the private trade are expected to increase significantly. Also, northern State Governments are contemplating substantial parboiled-rice imports from the United States on a sustained basis.

In the past, imported corn has gone mainly to the feed industries which primarily produce poultry feeds. However, with the influx of imported poultry, the Nigerian poultry industry may begin to decline. But in recent years, domestic corn prices have risen substantially, and if future production fails to meet increasing local demand, corn imports for direct human needs will be required.

The import ban on fresh and frozen fruits also has been lifted—and Nigerian importers are looking to the United States, as well as the Mediterranean countries, as sources of supply. The import duty on most fruits is 50 percent ad valorem, making them expensive and limiting the market to upper income groups. But lifting the ban opens up a new marketing area which is expected to grow.

The 1974-75 budget also reduced the import duty on the following agricultural items, ad valorem percent basis: Roasted malt, 33⅓ to 10; starches, 33⅓ to 10; baby foods, 40 to 5; tomato puree or paste, 100 to 50; vegetable juices, 40 to 10; and essential oils, 33⅓ to 10. In addition, the new budget removed the excise duty on flour ($3.92 a ton) and meat preparations (5 percent ad valorem), which should assist in stimulating demand for these products.

On the development side, the new budget provides for substantial increases in producer prices of cash crops—food crops traded on the open market. The percentage increase of the new producer prices over the former prices are: Peanuts, 75; seed cotton, 50; palm kernels, 115; special grade palm oil, 120; technical grade palm oil, 138; soybeans, 38; seasame seed, 57; cocoa, 12.5; and coffee, 12.

Nigeria's major source of foreign exchange earnings prior to the discovery of petroleum was from its exports of these commodities. Producer prices during this period were kept low to enhance Government revenue.

Nigeria is now in a financial position to pay its farmers much nearer the world market price for their produce. Also, the higher prices will assist in distributing the wealth being built up in the national coffers; increasing purchases by Government marketing boards as local market prices have been exceeding Government producer prices for most products; and stimulating production for most crops.

In the short run, the new producer prices are not expected to increase production significantly because there are no readily available inputs to apply to increase yields. Also, opportunities for area expansion of the annual crops have physical limitations because the area cultivated by nearly all farmers is determined by the strength of their backs and sharpness of their hoes. But enhanced producer prices are a big link in the chain of requirements needed for improved agricultural production.

NIGERIA'S planned investments in agriculture will require a gamut of agro-industrial imports, including machinery, storage facilities, irrigation and plant equipment, fertilizer, insecticides, livestock, plus technical and management consultants. Preliminary information indicates the Federal Government alone will invest around $1.5 billion in agricultural development during the plan period—nearly a tenfold increase above such investment from 1970 to 1975. In addition, State investments in agricultural projects are expected to be up substantially.

World Weather

Rains came to several of the earth's stressed dry spots by mid-August with particular relief in the U.S. midsection and to lesser extent in the People's Republic of China (PRC) and India. Summer rains are reaching broader areas of these countries arresting decline of many crops but too late to assure good yield in some key producing areas. In West Africa below the Sahel, summer rains have been good and crop production better than last year. Drier and warmer weather in Europe and the USSR favored small grain harvest and the growth of other crops. Brazil coffee escaped frost through mid-August and frost rarely occurs later.

Grains. Small grain harvest progressed well in much of the Northern Hemisphere after cool, wet weather had caused uneven ripening and delays to early harvest in much of Europe and the USSR. Some problem areas remain. Late maturing spring wheat is developing well in Canada and the USSR; however, August rains are needed in both places. India's monsoon picked up pace, but rainfall in many areas remains well below normal; rice prospects improve but coarse grains for the most part merely stopped deteriorating. Some important areas remain very dry. Rains improve prospects for rice and corn in the PRC though crops need good August rains—especially in the South—for reasonable yields. Relieved by heavy July rains, crop production is up over the last year's in West Africa, south of the Sahel. In Japan a cool, wet July caused concern over blight in rice. Wet weather delayed completion of corn harvesting in South Africa, but production this year is considerably above 1973's drought-damaged corn crop.

Warmer weather has been beneficial to corn in most of Europe, including the USSR but has been too hot and dry in Spain. Gulf moisture finally invaded the U.S. Great Plains bringing generous rains from the Rockies to the Appalachians, border to border—too late for some corn and sorghum but of great benefit to most.

Fiber. Growing conditions improved in recent weeks throughout most of the Northern Hemisphere and Northeast Brazil. Rains came where most needed—the PRC, India, Brazil, and the United States—and hot weather returned to boost irrigated cotton in the Eastern Mediterranean and the Mideast. Low water supplies have been a problem in Uzbekistan, USSR, requiring shifts in water distribution, but probably with no major impact on cotton production. India and the PRC still appear to be in a precarious situation—needing much more rain over broader areas to produce anything resembling "normal" yields.

Oilseeds. Good July-August rains greatly enhanced peanut prospects in West Africa and the United States. Much of India's peanut, sesame, and castor seed crops are hanging on in need of widespread and timely rains over the remainder of summer. The PRC appears to be in a similar, but perhaps not so bad situation on peanuts as well as soybeans. U.S. soybeans got a tremendous boost from August rains. Hot weather generally from May has reduced the Spanish olive crop. Generally adequate soil moisture suggests a good sunflower yield in the USSR.

Horticulture. The delayed monsoon in India allowed a more thorough collection of cashew nuts. While most of Europe expects smaller crops of apples and to some degree pears due to poor growing weather, Spain anticipates increased production. Major producing potato countries of the Northern Hemisphere have had beneficial weather with warmer and drier weather in Europe and the USSR reducing blight risk although the risk remains.

Other Crops. Brazil appears to have escaped a damaging freeze to coffee this season with odds well against a freeze from here out. Coffee and cocoa both benefited from seasonably heavy rains in West Africa. Conditions have improved for sugarbeets in most major producing areas after an erratic start, especially in Europe and the USSR. August rains improved U.S. tobacco prospects, but hail damaged tobacco in Spain.

Subsidies to growers

EC Enacts Common Policy For Soybeans

TO SATISFY farming interests and to a lesser extent to reduce needs for oilseed imports, the European Community has agreed to subsidize domestic production of soybeans—the No. 1 U.S. agricultural export to the Community. EC farmers electing to plant soybeans will now be guaranteed a payment at harvest that amounts to the difference between the EC support or "guide" price and the world price. Although the support price has not been officially approved, it is likely to be set at 222 units of account per metric ton—the equivalent of US$7.25 a bushel.

A general regulation establishing a Common Agricultural Policy (CAP) for Soybeans was approved by the EC's Council of Agricultural Ministers at its July 15-17 meeting. Although regulations implementing the CAP must still be finalized the program is slated to go into effect for the crop year that starts November 1 and ends October 31. As approved by the Council, the CAP has no provisions for intervention payments —whereby the Government agrees to buy if prices fall below a certain point.

Some of the regulations implementing the EC's Oilseed CAP will now apply to soybeans, including a provision for imposing import duties or levies whenever the Community feels that world prices would endanger producers of soybeans or byproducts. Import charges could be applied, for example, when the import price of raw materials is out of line with product prices and related costs.

Soybeans will be a new crop for almost all EC farmers, as they were in the United States two decades ago and in Brazil only a few years ago. At present, EC soybean-growing is on an experimental basis or for feed in a few areas of France. Estimates of commercial production potential vary, but the proposed support level could provide a sizable incentive. An estimate by the EC Commission calls for production of 100,000 tons by 1978—still only about

Continued on page 12

U.S. Farm Export Outlook Dims As Some Major Crops Falter

THE UNPREDICTABLE WEATHER that has dashed U.S. hopes for record harvests this season is also likely to tighten supplies available for export. Top-earning U.S. agricultural exports—feedgrains, wheat, soybeans, and cotton—in the 1974-75 marketing year are projected to fall well below last year's records. Nevertheless, U.S. supplies in 1974-75 will be adequate to meet projected domestic and export needs.

Compensating for declines in U.S. production, domestic use—especially of feedgrains—is expected to be down from last year, and foreign demand is also likely to be off somewhat. Bumper grain crops forecast in major U.S. markets such as the European Community will, if attained, reduce demand for U.S. supplies. According to EC Commissioner Pierre Lardinois, EC grain production this year could be a record 110 million metric tons, compared with an estimated 106.5 million last year.

More adequate supplies in other importing areas and higher commodity prices are expected to reduce foreign purchases of U.S. corn by about a third from last year. Demand for U.S. soybeans and cotton may also be down.

Reflecting the crop situation in the United States, feedgrain exports, especially of corn, are projected to dip most sharply. Export projections have been reduced to 21.7-27 million tons, in sharp contrast to the 39.6 million tons exported in 1973-74. (The corn and sorghum marketing year is Oct. 1-Sept. 31, barley and oats is July 1-June 31.)

A smaller U.S. corn crop—estimated at just under 5 billion bushels—and a one-third drop in sorghum output would tighten export availability considerably. The 1974-75 export range for corn is expected to be 750-900 million bushels, well under the 1,225 million that moved out in 1973-74.

Oat and barley crop estimates also skidded below expectations this year, with export movements slated to be down correspondingly.

In spite of potential reduction in domestic use and exports, total U.S. feedgrain requirements may still exceed output, cutting U.S. stocks considerably. Stocks at the start of 1974-75 are only an estimated 12.3-13.4 million tons.

Although a wheat harvest some 8 percent higher than last year's record is in view, export prospects are not as bright. A range of between 24.5 million and 27.2 million tons could move into export channels in 1974-75, dropping from last season's 31.2 million tons. With domestic use of wheat paralleling last season's high level, the Nation's stocks will remain relatively tight.

A brighter spot in the export picture will be provided by U.S. rice shipments, projected at between 58.1 million and 64.3 million hundredweight in the coming season. U.S. output, although a record, is below earlier estimates due to lower-than-expected yields.

The smaller U.S. soybean crop indicated for 1974-75 signals a reduction in both domestic and export use, as well as end-of-season carryover stocks. Of total production—forecast at 1,314 million bushels—some 515-535 million bushels could move to foreign markets in 1974-75.

Less cotton will be available in 1974-75 because of a smaller U.S. crop, coupled with reduced beginning stocks. But prospective requirements may be down even more than production. Cotton exports in 1974-75 are projected at 4.7-5.2 million bales (480 lb. net), compared with last year's 6.2 million.

UNITED STATES: TOTAL GRAIN PRODUCTION AND SUPPLY-DISTRIBUUTION

Commodity and Year	Beginning Stocks	Acreage	Yield Per Acre	Production	Imports	Exports	Domestic Consumption
	Mil. metric tons	*Mil. Acres*	*Metric tons*	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*
Total Grains:							
1969-70	67.6	143.2	1.38	198.1	0.3	35.7	162.3
1970-71	68.0	142.6	1.26	180.7	.3	38.8	160.4
1971-72	49.9	154.0	1.51	232.4	.5	42.0	173.4
1972-73	67.4	141.3	1.58	223.4	.3	71.3	178.5
1973-74	41.3	156.2	1.49	232.6	.2	70.8	177.9
1974-75	25.4	167.0	1.25	208.6	.3	46.2-54.2	158.8-164.3
1975-76	21.3-23.8	—	—	—	—	—	—
Wheat:							
1969-70	22.3	47.6	.83	39.7	(1)	16.5	21.4
1970-71	24.1	43.6	.84	36.8	(1)	20.1	20.9
1971-72	19.9	47.7	.92	44.0	(1)	17.2	23.2
1972-73	23.5	47.3	.89	42.0	(1)	32.2	21.4
1973-74	11.9	53.9	.86	46.6	(1)	31.2	20.6
1974-75	6.7	63.7	.79	50.1	(1)	24.5-27.2	20.6-21.9
1975-76	9.0-10.4	—	—	—	—	—	—
Total Feedgrains:							
1969-70	45.3	95.6	1.66	158.4	.3	19.2	140.9
1970-71	43.9	99.0	1.45	143.9	.3	18.7	139.5
1971-72	30.0	106.3	1.77	188.4	.5	24.8	150.2
1972-73	43.9	94.0	1.93	181.4	.3	39.1	157.1
1973-74	29.4	102.3	1.82	186.0	.2	39.6	157.3
1974-75	18.7	103.3	1.53	158.5	.3	21.7-27.0	138.2-142.4
1975-76	12.3-13.4	—	—	—	—	—	—

[1] Less than 500,000 metric tons.

French Dairy Output and Exports Up in Response to New EC Prices

By LAURENT HEDDE
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Paris

EXPORTS of all French dairy products except fluid milk were up in 1973 as production rose, spurred by higher European Community milk prices. Exports in 1974 may also rise, if higher production—already in evidence this year—is any indicator.

Milk production in France this year appears headed for a 4-6 percent gain over 1973 levels, due to larger cow numbers, increased productivity and commercialization, and higher dairy support prices in the EC.

Also, any improvement in this year's weather over the dry conditions that prevailed in second-half 1973 will have a positive influence on total dairy output in 1974.

French dairy exports increased in 1973 by a strong 26 percent over 1972 totals to a value of $692 million, and imports jumped by an even higher rate —34.5 percent—to $124 million, leaving a favorable trade balance of $568 million.

This balance includes intra-Community trade as well as trade with third countries. Although third-country trade increased by 44 percent to about $225 million from $156 in the good export year of 1971, a large part of this increased value came from higher prices of dairy products.

Steeper EC milk prices played an important part in 1973 production gains. And prices in the 1974-75 marketing year at $7.34 per hundredweight (cwt) are about 8 percent above the $6.79 level in effect during the 1973-74 marketing year. A 4 percent rise had been proposed by the EC, and French farm organizations had asked for a 12 percent increase.

Collection of milk in France is projected to rise by 4-7 percent in 1974. Such an increase probably will result in still higher butter and nonfat dry milk production. Concentrated milk production will continue to drop, as will that of pasteurized fluid milk. Cheese production is expected to be up slightly.

Cattle numbers, based on the sample census of January 1974, are estimated at 23.9 million head, an increase of 6.4 percent from the previous year. Cow milk production rose by 2.5 percent in 1973, due mainly to the larger cow numbers.

Dry pasture conditions reduced the increase from the 4-6 percent gain that had been projected earlier. Climatic conditions were only slightly favorable, as lack of moisture prevailed in March-April and again in August-September.

Yield per cow in 1973 averaged about 769 gallons, down 1.6 percent from the approximately 782 gallon average of 1972. The reduction is attributed to the dry spells of weather and higher feed prices. The decline in yield per cow is probably overstated because the preliminary numbers on total milk production seem to be low. The large increase in beef-type cows has not been taken into consideration in calculating the 1973 production estimate.

Farm deliveries of all dairy products in milk equivalent were up 4.6 percent in 1973, reaching 2,162,400 tons compared with 2,065,900 tons in 1972. And average fat content also moved up from 3.8 percent to 3.82 percent butter fat content per cwt of milk.

The rise in milk delivered to dairy plants has been principally beneficial to nonfat dry milk, cottage cheese, and yoghurts. The increase in dairy price guarantee, set up last year in Brussels, encouraged producers to expand output of nonfat dry milk—a move that, of course, stimulated production of butter. In 1973, a good market at higher prices prevailed for nonfat dry milk.

Pasteurized milk production still is declining, although the increase in output of sterilized milk (by ultra high temperature sterilization) has more than offset the decrease in the decline of pasteurized milk output. An additional factor encouraging production of sterilized milk is the absence of retail price control, which applies to sales of pasteurized milk.

Cheese outturns from cow milk were up slightly—by 3.6 percent—in 1973 over 1972 levels. But the breakdown in different cheese categories shows a sharp decline for Gouda and Edam, which were down by 18 percent. Cantal and Cheddar were down 10 percent, but demand for St. Paulin (a French Cheddar) was up by 6.5 percent. Difficulties in the Emmental cheese market kept production of this type at a steady level.

Production of nonfat dry milk in 1973 reached 706,700 tons, up 6 percent from the previous year. Output of nonfat dry milk has been influenced by the sharp rise last year of the intervention price of this product.

Exports of all French dairy products except fluid milk were higher in 1973 than in 1972. For butter, 1973 was an excellent year. But a large portion—242.5 million pounds—of these exports was part of a contract between the European Community and the USSR at about 19.5 cents per pound.

In South America, where the United States introduced milk powder under P.L. 480 and Food for Peace programs, France has taken over a share of these new markets and has strengthened some existing markets.

Cheese exports were up, although not by as much as had been expected previously.

Exports of French dairy products to the United States in 1973 also were up. Nonfat dry milk in 1973 became a major part of dairy exports, accounting for about half of the total by volume. Cheese exports were up by a strong 45 percent.

French imports of dairy products in 1973 rose sharply from $92 million to $124 million—an increase of 34.5 percent.

BUTTER IMPORTS more than doubled, from 28 million pounds in 1972 to 58.7 million pounds—principally due to a greater volume of butter from the Netherlands. Also, the price was lower —60 cents per kilogram, compared with 65 cents for the comparable French product.

Cheese imports were up 17 percent in value, while casein imports rose in volume by a strong 57 percent. Russia supplied 4.6 million pounds of casein in 1973, compared with 1.7 million pounds in 1972. West Germany sent 3.2 million pounds, versus 1.7 million in the previous year.

Food and Population: Balance is Vital to Survival

Now underway in Bucharest (Aug. 19-30) is the first World Population Conference, sponsored by the United Nations as part of its World Population Year activities. The Conference reflects the unprecedented attention today on availability of finite resources—a subject explored in the following article, in terms of both population and food supply.

Above, women learn the advantages of family planning in India—a country where more than a million babies are born each month. Left, interviewer for a demographic survey in Afghanistan helps determine size and makeup of the country's population. Below, combining wheat in Canada, one of the developed countries increasingly called upon to meet growing world food needs.

The recent drawdown in world grain stocks, in tandem with the energy crisis, has once again focused attention on man's ability to meet the food needs of a population that is growing by nearly 2 percent a year. In part due to sharp advances in technology—in medicine, sanitation, parasite control and other sciences—death rates have fallen much more rapidly than birth rates. This has caused some people to foresee a Malthusian future of overcrowding, hunger, and pestilence. At the same time, governments and international organizations have for a number of years been attacking food and population problems, and in general the world eats better than it did 20 years ago.

Reducing the problem to mere demographic terms, there is the picture of a world population moving at the rate of 1.9 percent a year to a doubled size of 7.6 billion by the year 2009. And, projecting this to the absurd, over 100

billion people would be crowded onto this planet in less than 2 centuries if nothing occurred to prevent such a development.

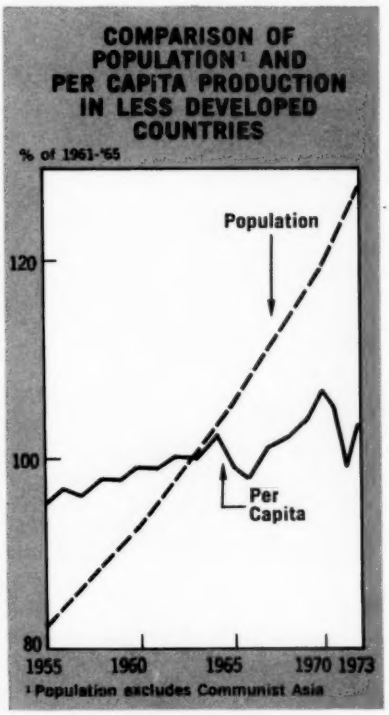
U.S. Bureau of the Census figures show that the developed countries generally have reduced their rates of natural increase to under 1 percent a year—0.7 percent for both North America and Europe (including 0.6 percent for the United States). But populations in the developing countries are growing at an average of around 2.6 percent.

Latin America has the most rapid regional population growth—with a 2.9 percent overall rate, and many populations there are increasing by 3.4 percent and more: Ecuador, El Salvador, Paraguay, Mexico, and Belize. Elsewhere in the developing world, the rates are 2.4 percent for the Caribbean; 2.6 percent for Africa, the Near East and Southeast Asia; 2.3 percent for South Asia; and 1.7 percent for East Asia (the last includes Japan and the PRC).

Another dimension of this problem is that countries even after reaching the replacement level—where each set of parents has only two surviving children—will see their populations continue to grow until the age structure shifts from predominantly young people to predominantly old. This shift is already taking place in the developed world, but the developing countries on the average will have to wait about 60 years for the transition to take place.

Two other dimensions to the population question in the developing world are illustrated in the countries of Nepal and the Republic of China (Taiwan).

Nepal, compared with many developing nations, has a relatively modest rate of natural population increase—about 2.3 percent yearly—but only because of a still-high death rate of some 22 per thousand. And as this economically backward country progresses, it can be expected to follow the traditional pattern of lowering death rates much more rapidly than birth rates. This disequilibrium, of course, increases the pace of population growth.



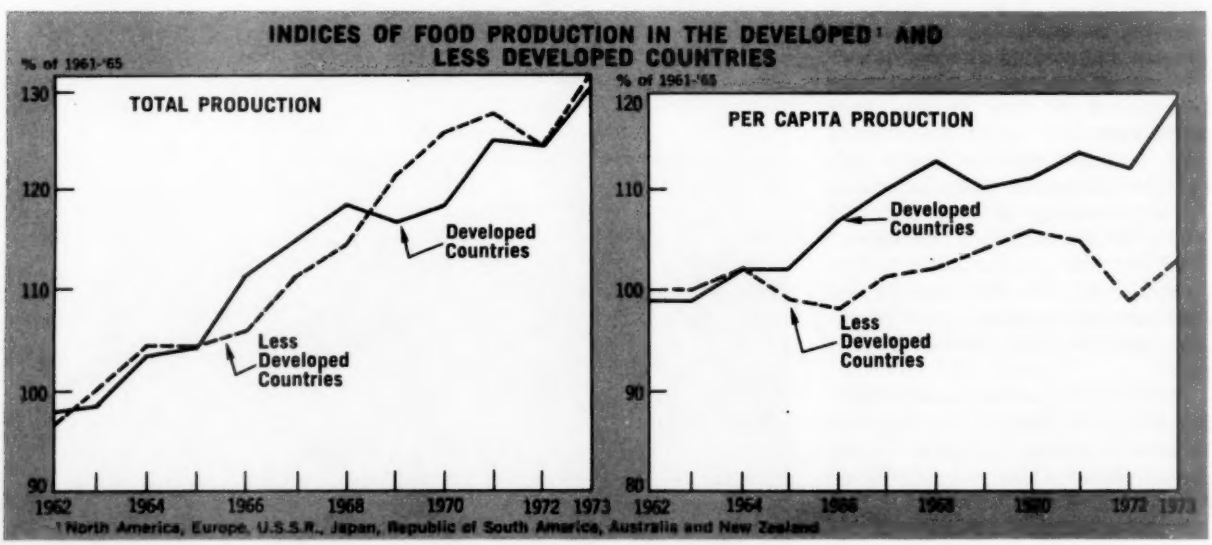
Taiwan, in contrast, has had impressive success recently in lowering population growth—to around 1.9 percent a year in 1973 from 2.3 percent just 4 years earlier. At the same time, with income soaring as a result of rapid economic growth, Taiwan's people naturally seek a higher level of consumption—both in quantity and in quality. This rise in expectations is a major development around the world.

In many countries, the food-population equation is complicated by problems of transportation, income disparity, insufficient storage and port facilities, poorly developed markets, and price incentives. The opportunity for expanded production often bogs down at the most fundamental level—where millions of individual farmers grow and market their crops.

World food production, however, is still far from its potential. The world is not yet farming even half of the cropland that could be made available. Only about 3.4 billion acres are being cultivated around the world.

Yet 7.8 billion acres could be cultivated—and that includes only land getting enough rainfall so that a crop could be grown, and land within 50 miles of a possible means of transportation. Even more important, perhaps, is the lag in technological development and application. New technology, rather than new acreage, is the real growing point for agriculture.

Manmade inputs have become more essential, along with the generation of income to permit the purchase of inputs for increasingly commercial agri-



cultures. In critical parts of the world, the Green Revolution—while it has demonstrated tremendous improvements in acre yields—has faltered to a degree. As a result, the food supply of many developing countries continues to be sadly dependent on the weather and outside aid. The drought-stricken Sahel comes to mind, but also some of the Asian countries that depend on the regularity of monsoon rainfall.

One outcome of such problems is that mankind, as never before, has been focusing on both reducing population growth and taking the steps needed to support future populations.

Today, over 40 developing countries, with about four-fifths of the developing world's people, have population policies and are actively engaged in family planning programs.

Aiding these programs is a vast international assistance effort, which in fiscal 1973 raised some $180 million for population and family planning programs of developing countries. Such assistance has come from the United Nations Fund for Population Activities —which receives financial support from more than 60 countries; the World Health Organization and other U.N. agencies; the World Bank, the Organization for Economic Cooperation and Development; individual countries (including the United States, with assistance totaling $125 million in fiscal 1973); and private organizations such as the International Planned Parenthood Federation, Population Council, the Pathfinder Fund, Family Planning International Assistance, and numerous other groups.

Although generally in effect for less than a decade, such programs already have begun to have an impact on population growth. Between 1960 and 1972 65 countries of the 79 for which birth rate data are available experienced some decrease in these rates. And those showing increases were generally very small and/or developed nations.

On the food supply side, technological breakthroughs have so far kept ahead of man's growing food needs, most recently producing the Green Revolution with its high-yielding varieties of rice, wheat, and other foodgrains. These enabled developing nations to dramatically increase their grain production since the mid-sixties, providing a margin of safety that helped soften supply problems following the 1972

Top, a Malawian stands beside hybrid corn grown at the Lilongwe Land Development Project; such improved varieties are seen as the hope for greatly expanding yields in developing nations. Above, a dramatic contrast to such progress is this home of a pastoral farmer in Nepal—one of the least developed nations, where still-high death rates provide the major check on population growth. Left, unloading U.S. grain in India.

decline in world food production.

USDA and other projections to 1985 indicate that farmers generally will continue to keep up with overall demand for food. Further technological breakthroughs will aid this expansion, as will the availability of new land.

USDA studies show that in the United States alone there is the potential to double rice production by 1985, while lifting production of feedgrains 50 percent, wheat 40 percent, and soybeans and cotton 33 percent.

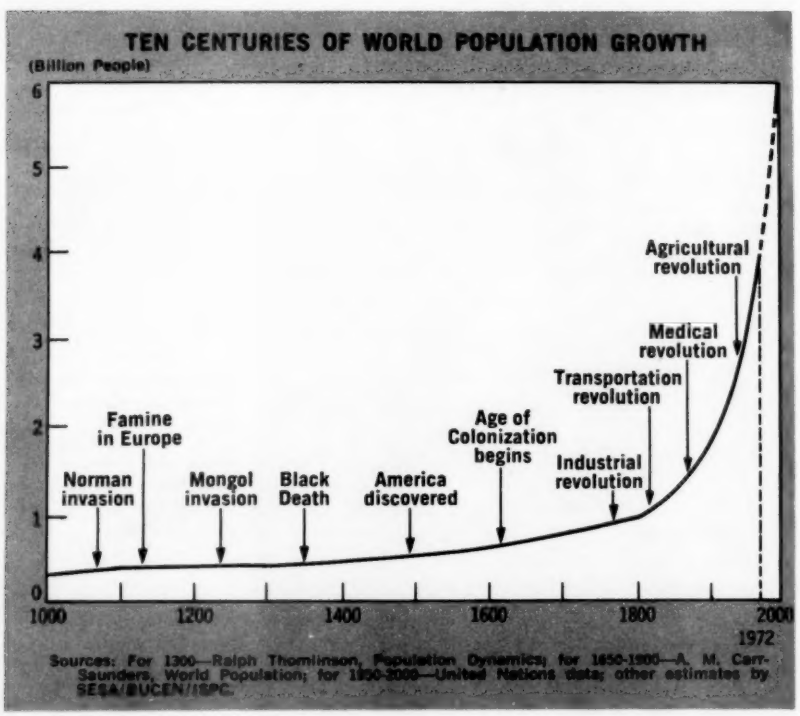
In the developing world, nations should benefit further from technological achievements and thus expand yields, which, despite gains as a result of the Green Revolution, still are only about 60 percent of those in the developed countries.

Currently, progress in this area is threatened by the world fertilizer crunch, which some sources see continuing into the future. However, greatly stepped-up investment in fertilizer facilities indicates otherwise: USDA economists see plants now being constructed adding some 10 million tons to world capacity by 1980, with some surpluses developing.

There are, however, still questions concerning availability of other needed inputs, such as irrigation, as well as the ability of farmers to move rapidly from primitive to the modern production methods required to capitalize on technology.

Finally, there is the question of what happens when a major producing country has a crop failure, or world food production declines for several years in a row. The 1972 decline in food production came after almost 2 decades of steady growth and at a time of abundant grain reserves. But that shortfall—along with other pressures on demand like the dollar devaluation and the big Soviet grain purchases—cut reserves in exporting countries from the 145 million-ton level of 1970 to an estimated 95 million tons this year. This is the lowest level in 20 years.

As in times of past concern, however, the decline in reserves has ignited new action toward easing the problems. While response has already come at the farm and research level, it also is seen in the most far-reaching international focus yet on food and population: The World Population Conference now underway, the United Nations Conference on the Law of the Sea recently completed in Caracas, and the World Food Conference scheduled for November 5-16 in Rome. These reflect an increasingly multinational effort to deal with fundamental questions of human survival and the quality of life.



SOYBEAN CAP ENACTED

Continued from page 6

1 percent of projected consumption requirements.

The United States has been the top supplier of soybeans to the EC for many years, with the volume of trade growing by a steady 10 percent or so annually. Last year's exports of U.S. soybeans to the nine EC countries surpassed $1.2 billion, compared with $660 million in 1972. This unusual growth has been largely due to the EC's growing needs for reasonably priced livestock feeds, and to the free market access enjoyed by third countries.

Although U.S. soybean exports will continue to enjoy duty-free status under the new Soybean CAP, a substantial increase in internal EC production would certainly dampen the growth of trade. A duty-free binding on soybeans was negotiated by the United States in 1961 under the General Agreement on Tariffs and Trade. Such a binding, negotiated well before the establishment of the EC Oilseed CAP of 1967, is automatically violated by the imposition of production subsidies or import restraints.

Under the newly approved CAP, the soybean support price will be established annually at "a level suitable for the producer and under consideration of the necessary supply of the Community."

The production subsidy will be paid to producers when the EC support price for soybeans—valid for 1 crop year—is higher than the average world market price. The world market price is to be established relative to a standard quality and for one border-crossing point of the Community. Thus, the subsidy will bridge the gap between the higher domestic price and the price of imported soybeans on world markets. In effect, the subsidy will insure that domestic soybeans are priced competitively with imported supplies.

At the proposed price level of US$7.25 per bushel, the EC support price will be below the current world price—thus, no subsidies actually would be granted at this time. When the world price is lower than the support price, however, the subsidy would equal the difference between the two prices. The subsidy is to be financed with EC funds.

—Based on dispatches from *Office of U.S. Agricultural Attaché Bonn and USEC Mission, Brussels*

CROPS AND MARKETS

SUGAR AND TROPICAL PRODUCTS

U.S. Baler Twine Supplies Improve

Prospects now are that total U.S. supplies of baler twine will be adequate to harvest the 1974 hay crop. U.S. imports of baler twine during October-June 1973-74 reached 218 million pounds, up 17 percent from the same 9 months of 1973. Also, the outlook is for a somewhat higher domestic production of sisal twine (from imported raw fiber) and for an increase in domestic output of plastic polypropylene twines. The situation is further eased by the estimated 11 percent decrease in the 1974 hay crop from that of 1973. Another factor is a sharp increase in 1974 compared with a year ago in use of jumbo balers and other hay handling equipment, which require less twine per ton of hay harvested or stacked than normal baling operations.

Annual U.S. baler twine requirements in recent years have been around 280-300 million pounds. Of this total, about 80 percent has been imported as manufactured twine, the balance being met by sisal and plastic twines produced in the United States. During the October-September 1972-73 hay harvesting year, baler twine imports were 223 million pounds, compared with 248 million pounds in 1971-72. Baler twine imports during the past 5 years—October 1968-September 1973—averaged 234 million pounds. With October-June 1973-74 imports running well above those of last year, twine imports for the full year are now expected to reach 250 million pounds. Domestic sisal twine output for 1974 is estimated at 35 million pounds, while plastic twine production could reach 17-18 million pounds, or about 35 million pounds natural twine equivalent. (On a weight basis, plastic twine has about twice the footage of natural fiber twine.)

Baler twine supplies for the 1974 hay crop of close to 320 million pounds could allow some improvement in carryover into 1974. At the end of the 1973 haying season stocks reportedly had been drawn down sharply from year-earlier levels. In normal years, harvest twine carryover stocks have been variously estimated at 20-25 percent of annual requirements.

Prices of baler twine to farmers in 1974, as reported in *Foreign Agriculture*, August 5, 1974, may well average $25 or more per bale, compared to around $9 per bale in 1973 and around $8 in 1974.

EC Sets Sugar Prices

The European Community has set 1974-75 support prices for sugar under the Common Agricultural Policy. The prices represent an increase over 1973-74 levels of about 7 percent. The target price for refined sugar amounts to 14.52 cents per pound, while the threshold price is 16.12 cents and the basic intervention price, 13.80 cents.

The total of the base sugar quotas for the EC remains unchanged at 7.82 million metric tons through 1974-75. Full support will be received for sugar produced within these quotas. Sugar produced in excess of the base quotas but within the maximum quotas are subject to an assessment to help cover disposal costs. Maximum quotas, for all but two member countries in 1974-75 have been increased from 135 percent to 145 percent of the base quotas to encourage an increase in production. The United Kingdom maximum quota equals 110 percent of the base quota, while the Netherlands maximum for the 2 years 1973-74/1974-75 is 235 percent of the base quota.

India's Pepper Exports Hit Record Level

Reflecting a bumper 1972-73 (November-October) harvest of 38,000 metric tons and strong foreign demand, India's exports of black pepper in 1973 totaled a record 27,942 tons, up 35 percent over 1972 shipments of 20,627. Major recipients of the 1973 exports in metric tons were: USSR, 9,077; United States, 5,197; Italy, 2,143; Yugoslavia, 1,726; Singapore, 1,546; Canada, 1,389; Czechoslovakia, 1,157; and Poland, 1,074.

Exports for 1974 will likely be lower because of prospects of a smaller 1973-74 crop of 35,000 tons. Preliminary data show that approximately 18,000 tons have been shipped during January-June 1974. Of this amount, 6,000 tons went to the United States and about 8,000 tons to the USSR and Eastern Europe.

Pepper prices continue to remain at high levels, with New York spot "Malabar" black pepper at the end of July being quoted at around 87 cents per pound, compared with the year-earlier level of 73 cents.

GRAINS, FEEDS, PULSES, AND SEEDS

Monsoon Activity Subsides in India

Following 2 weeks of increasing precipitation, India's monsoon activity lessened for the week ending August 14. The number of weather zones receiving normal or above-normal rainfall for the week declined to 12 from 21 (out of a total of 35) in the previous week.

Areas receiving normal or above-normal rainfall during the week ending August 14 were: Gangetic West Bengal and Orissa in eastern India; Madhya Pradesh and Maharashtra (excluding the southeast area) in the central and western parts of the country; coastal and northwestern Andhra Pradesh, Karnataka (except for southern parts); and Kerala in the southern region. Apart from the above areas, rainfall over most of the country, especially in the north and northwestern States, ranged from 33-87 percent below normal.

Orissa, a major rice producing State on India's east coast, for the first time since the start of the current monsoon sea-

son, received substantial rains during the week, giving hope to farmers that rice crop prospects would improve given further rainfall. Madhya Pradesh, an important grain State in central India, received normal levels of rainfall after a lapse of 3-7 weeks.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 20	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.92	+32	5.78
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.60	+18	5.89
15 percent	5.72	+30	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.33	+19	5.68
No. 3 Hard Amber Durum	7.29	−43	(1)
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	4.00	−15	3.98
Argentine Plate corn	4.27	−2	4.17
U.S. No. 2 sorghum	3.75	−1	3.73
Argentine-Granifero sorghum	3.78	−1	3.71
U.S. No. 3 Feed barley	3.27	−9	3.44
Soybeans:			
U.S. No. 2 Yellow	8.29	−27	9.76
EC import levies:			
Wheat[3]	[4] 0	0	0
Corn[3]	[4] 0	0	0
Sorghum[3]	[4] 0	0	.05

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements.

PRC Buys Australian Wheat

Australia has sold 1 million tons of wheat to the People's Republic of China (PRC). This sale brings the total PRC purchase of Australian wheat under the first year of the long-term agreement (1974-76) to 1.6 million tons, or 500,000 tons more than specified under the agreement.

The wheat, valued at about $171 million, will be shipped under two delivery schedules. The balance of 500,000 tons from the original 1.1-million-ton contract signed in October 1973 is to be shipped August-November 1974. Shipment of the additional 500,000 tons will not affect the sale of the 1.5-1.8 million metric tons scheduled for the second year of the long-term agreement.

With this latest purchase, the PRC now has definite commitments for 5.65 million tons to be deliveerd in 1974-75. Total wheat imports for 1974-75, however, will depend mainly upon the magnitude and delivery schedule of purchases made under long-term agreements with Canada, Australia, and Argentina. Total imports of about 8 million tons would be indicated if contracts call for the maximum commitments under these agreements. Wheat imports in 1973-74 were 5.9 million metric tons. However, a half million tons of U.S. wheat scheduled for 1973-74 shipment will now be delivered in 1974-75.

Chile To Double Wheat Price

Chile has announced that effective January 1, 1975, it will double its former wheat purchasing price paid to farmers from US$193.55 to US$387.10 per metric ton. June rainstorms had caused a winter wheat shortfall and the announcement just prior to the start of the spring planting should be an incentive to increase spring wheat planting—traditionally about 35 percent of the total wheat harvest.

Argentina Halts Sorghum Sales

Uncertain supplies have prompted the Argentine Grain Board to stop temporarily export sales of grain sorghum. So far, only 2.75 million metric tons have been delivered to the Board, the exclusive buyer, but foreign sales now total 3.1 million tons. About 2.2 million tons will be needed for domestic requirements.

The Ministry of Agriculture continues to estimate a 6.7-million-ton crop, but trade sources are estimating a crop of no more than 5.5 million tons. The tight sorghum supply situation is evident in Argentina's recent sale of only 30,000 tons of sorghum to India.

LIVESTOCK AND MEAT PRODUCTS

Argentina Protests EC Beef Import Ban

Argentina has formally protested to all nine European Community countries the recent EC decision to ban beef imports until November 1, charging the ban constitutes a form of "economic aggression."

During 1973, Argentina, according to the Argentine Meat Board, exported 67 percent (587.7 million pounds, product weight) of its total beef exports of 876.5 million pounds to EC countries. As a result of various EC trade restrictive measures, overall beef exports to its members have fallen sharply this year. The Argentine Meat Industry Association indicated that Argentina's total beef exports for 1974 are expected to fall to about 661 million pounds, compared with 876.5 million pounds in 1973. Expectations are that Argentina will attempt to export additional canned, processed, and preserved beef to the U.S. market. Additional trade is also anticipated with the Soviet Union.

Due to the presence of foot-and-mouth disease in Argentina, only cooked beef (canned, processed, and preserved) can be exported to the U.S. market.

U.S. Meat Imports Down In First Half 1974

U.S. imports of red meats subject to the Meat Import Law (fresh, chilled and frozen beef, veal, mutton, and goat meat) totaled 78.6 million pounds in June, 1974, 14 percent below the level a year earlier, bringing imports of meat subject to

the Law during the first 6 months of the year to 555.9 million pounds, 7 percent below the same 1973 period.

Principal suppliers continued to be Australia with 257.1 million pounds and New Zealand with 113.9 million pounds. Australia was 7 percent behind its 1973 import pace, while New Zealand was down 12 percent for the period as a supplier of red meats for import under the Law.

Unattractive U.S. prices and good grazing conditions in the major meat exporting countries supplying the United States are the reasons advanced for the decline in imports.

The U.S. Department of Agriculture has estimated imports under the Law for 1974 at 1.21 billion pounds, down 144 million pounds from last year's imports. To reach this total for 1974, additional imports of 654.1 million pounds would be required for the last half of this year, 14 percent below those of the same period in 1973.

TOBACCO

EC Provides Aid For Italian Wrapper

The special processing aid authorized by the European Community Council in June for Italian cigar wrapper tobacco will apply to nearly 500,000 pounds of Round Tip, Scaffati, and Sumatra I varieties from the 1968 and 1969 crop.

The total aid payment (financed by FEOGA, the EC's Agricultural Guidance and Guaranty Fund), will be equivalent to nearly $1.2 million.

Tobacco Substitute Tests Given U.K. Approval

The U.K. Government has given the Imperial Tobacco Company, Ltd. permission to test its New Smoking Material (NSM) on consumers. Cigarettes to be tested will contain 20-50 percent of NSM mixed with tobacco.

Imperial, Britain's largest cigarette manufacturer, is said to be confident that brands containing NSM will be on general sale by 1976.

Tobacco Exports Hit Record High in 1974

U.S. tobacco exports in fiscal 1974 reached an alltime record in both quantity and value. Unmanufactured leaf exports were 657.4 million pounds for a value of $769.8 million. This represents an increase of 15 percent in quantity and 25 percent in value over the previous year's levels and an increase of about 5 percent in quantity and 40 percent in value over the previous record levels of fiscal 1967.

Exports of most manufactured tobacco products gained during the year. Cigarettes, the major product in export, gained 17 percent and reached a new record of 44.9 billion pieces at a value of $278 million. Smoking tobacco in bulk also reached a new record of 33 million pounds at a value of about $44 million. This was an increase of 50 percent in quantity and 69 percent in value, compared with the previous year's levels.

Imports of unmanufactured tobacco are also rising, and reached a new record of 290 million pounds (duty paid for consumption) at $172 million in fiscal 1974—up 16 percent in quantity and 23 percent in value from that of the previous fiscal year.

Thus, fiscal 1974 tobacco trade made a positive contribution to the U.S. trade balance. The value of unmanufactured tobacco and products exports reached a record $1,098 million dollars—up 26 percent from value for the previous year and exceeding the value of imports by $898 million. The net contribution made during the previous fiscal year was about $708 million.

A substantial quantity of the tobacco exports in the past year came from reserve stocks—now almost depleted—held by loan associations. Current strong demand for tobacco exports and the relative tight supply situation for quality cigarette tobaccos in world markets indicates that prices should remain high on current crop auctions. In the year ahead the United States could maintain export trade at recent levels if adequate quantities of quality tobaccos are available.

Australia Ups Excise On Smoking Products

Effective July 23, the Australian Government increased by 15 percent the excise taxes on manufactured tobacco products. The new excise rates per kilogram are: Smoking tobacco, A$8.20; fine cut tobacco, A$16.10; cigarettes, A$16.10; and cigars, A$13.80.

The increase on cigarettes is equivalent to about 4 Australian cents (6 U.S. cents) per pack of 20 cigarettes.

OILSEEDS AND PRODUCTS

Brazil Ups 1975 Crop Soybean Support Price

The Brazilian Government recently announced a minimum, or support, price for the 1975 soybean crop of Cr$60 per 60 kilo bag (US$3.99 per bushel), compared with Cr$36 per 60 kilo bag (US$2.39 per bushel) for the 1974 harvest. The 1975 minimum price will be above production costs of a large percentage of Brazilian farmers for the first time. In addition, the minimum price is used as a basis for allocating production credit to producers. The increase should improve the availability of financing for soybean growers.

Peruvian Anchovy Situation Reported

Results of the scientific survey, completed in late May, of ocean conditions off the coast of Peru have just been released by the Peruvian Institute of the Sea.

The Institute estimates late May anchovy stocks in the sea to be 5-7 million tons, at about the same level as in November 1973. However, during the first 5 months of 1974 the Peruvian fishing fleet harvested 2.45 million tons of fish, mostly anchovies, yielding 540,000 tons of meal and 140,000 tons of oil. Yields this year have been very favorable.

The Institute is expected to conduct another survey in late August and data from the surveys plus the fishing results for the first 5 months will be used to determine fall fishing levels. It is possible that Peruvian fish meal production will total 1.2 million tons in 1974.

Brazil Changes Soybean Export Regulations

The Bank of Brazil, CACEX, has changed soybean export regulations to take advantage of sharply higher world market

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prices for soybeans resulting from the reecntly deteriorating 1974 U.S. soybean production prospects.

Brazil's 1974 crop soybean export registrations totaled an estimated 2.2 million tons through July 1, when further registrations were temporarily halted. As of July 23, an estimated 1 million tons of beans had been shipped abroad.

It now appears the Brazilian Government will abandon any attempt to export soybean oil. Instead, an additional 500,000 tons of soybean exports probably will be allowed, bringing total registrations to 3 million tons. Soybean producer cooperatives are expected to account for the additional 500,000 tons of soybeans.

The domestic crush will be limited to the volume required to meet domestic edible oil requirements. Therefore, exports of soybean meal will be proportionately reduced.

FRUIT, NUTS, AND VEGETABLES

EC Restricts Peach Imports

The European Community took emergency action on peach imports during July 4-11. The EC suspended the free admission into France of peaches other than nectarines originating in third countries. The measure was taken as a result of the disruption on the French market caused by the concentration of imports normally spread over a longer period. The concentration was the result of weather conditions that brought early and semi-early varieties of peaches to maturity later than usual.

World Filbert Forecast

Forecasts call for filbert production in the three principal foreign producing countries (Italy, Spain, and Turkey) to total a record 353,000 metric tons (in-shell basis) in 1974. This slightly exceeds the 1970 record of 351,000 tons, and is 3 percent above the 1973 harvest, now placed at 343,500 tons. Most of the increase is attributed to favorable weather.

Turkey's relatively large September 1973 carry-in stocks are now reported low. The stocks reportedly were from the 1970, 1971, and 1972 nut crops and export and consumption data do not explain their sudden disappearance.

Prices have risen slightly and are remaining firm. Preliminary figures place 1973-74 marketing year exports at a record 276,000 tons (in-shell basis).

Asparagus Growers Seek Duties On Imports from Mexico

A California law firm, on behalf of the California Asparagus Growers' Association and its counterpart in Washington State, recently petitioned the U.S. Commissioner of Customs to impose a countervailing duty on all imports of processed asparagus from Mexico.

The complaint alleges that the Government of Mexico grants processors a 10-percent tax credit on the value of all processed asparagus exported. Certificates—issued to cover the amount of the credit—can be used by the recipient to pay any direct Mexican taxes within a 3-year period.

The Customs Service has not yet announced any action regarding the complaint.

Argentina Exports Citrus To European Markets

The Government of Argentina has signed an agreement to export 25,000 boxes of lemons to Poland. In calendar 1973, Poland accounted for nearly 4 percent, or about 410,000 cartons (38 lb.) of total U.S. shipments of lemons.

Argentina has also sold 32,000 boxes of grapefruit to France. The United States was the second largest supplier of fresh grapefruit to the French market in 1973, supplying approximately 866,200 cartons (40 lb.). The Argentine fruit industry has requested the current 25 percent rebate on exports of apples and pears from that country be extended through January 31, 1975.

CORRECTION. August 19, page 4, "Estimates Lower for 1975 World Output of Oilseeds and Products," second column, line four—26.7 million metric tons should read 35.8 million.

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